


We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input type="checkbox"/>		
The letter of Comments and Recommendations		<input type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name)			Telephone Number	
Street Address			City	State Zip
			Printed Name	License Number

EUREKA CHARTER TOWNSHIP
Montcalm County, Michigan

Comprehensive Annual Financial Report

For the year ended December 31, 2006

EUREKA CHARTER TOWNSHIP
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For the year ended December 31, 2006

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.

CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

July 20, 2007

The Township Board
Eureka Charter Township
Montcalm County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Eureka Charter Township (the "Township") as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund and the aggregate remaining fund information of Eureka Charter Township as of December 31, 2006, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Eureka Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Aldrin, Nichols & Lentz, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

EUREKA TOWNSHIP
Management's Discussion and Analysis
December 31, 2006

As management of the Eureka Charter Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

Financial Highlights

- The Township's net assets decreased by \$2,624 (or less than one percent).
- Total expenses of the Township's programs were \$618,567.
- Total revenues, including all program and general revenues, were \$615,943.
- At the close of the current year, the Township's governmental fund, the General Fund, reported an ending fund balance of \$678,251, an increase of \$1,096 from the prior year.
- At the end of the current year, the unreserved/undesignated fund balance for the General Fund was \$655,443, or 106 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected property taxes and earned but uncollected sewer usage fees and special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, roads and parks. The Township has no business-type activities.

The government-wide financial statements can be found on pages 10-11 of this report.

EUREKA TOWNSHIP
Management's Discussion and Analysis
December 31, 2006

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains one governmental fund, the General Fund. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. The basic governmental fund financial statements can be found on pages 12-16 of this report.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary funds provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Township's own programs. The accounting used for fiduciary funds is like that used for proprietary funds.

Notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 19-26 of this report.

Government – Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Eureka Township, assets exceeded liabilities by \$730,049 at the close of the fiscal year.

A portion of the Township's net assets, \$51,798 (7 percent), reflects its investment in capital assets (e.g. land, buildings, equipment, vehicles), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

EUREKA TOWNSHIP
Management's Discussion and Analysis
December 31, 2006

The Statement of Net Assets provides financial information on the Township as a whole as of December 31, 2006.

	<u>2006</u>	<u>2005</u>
Assets		
Current assets	\$ 995,229	\$ 949,798
Capital assets	<u>51,798</u>	<u>55,518</u>
Total Assets	1,047,027	1,005,316
Liabilities		
Current liabilities	316,978	272,643
Net Assets		
Invested in capital assets, net of related debt	51,798	55,518
Restricted for inspection services	22,808	32,207
Unrestricted	<u>655,443</u>	<u>644,948</u>
Total Net Assets	<u>\$ 730,049</u>	<u>\$ 732,673</u>

The Statement of Activities presents changes in net assets from operating results for the year ended December 31, 2006:

	<u>2006</u>	<u>2005</u>
Program Revenues		
Charges for services	\$ 94,391	\$ 105,263
General Revenues		
Property taxes	284,454	238,306
State/intergovernmental revenue	229,119	222,193
Interest earnings	5,472	1,570
Other	<u>2,507</u>	<u>7,098</u>
Total Revenues	<u>615,943</u>	<u>574,430</u>
Expenses		
General government	171,138	140,738
Public safety	268,182	275,639
Public works	156,979	147,571
Other township	<u>22,268</u>	<u>10,639</u>
Total Expenses	<u>618,567</u>	<u>574,587</u>
Increase (decrease) in net assets	(2,624)	(157)
Net Assets - Beginning of Year	<u>732,673</u>	<u>732,830</u>
Net Assets - End of Year	<u>\$ 730,049</u>	<u>\$ 732,673</u>

Governmental activities decreased the Township's net assets by \$2,624, mainly due to a decrease in inspection fees and State shared revenues combined with conservative expenditure budgeting.

EUREKA CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2006

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Eureka Township's one governmental fund, the General Fund, is described as follows:

Major Fund

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$615,943 and total expenditures of \$614,847. It ended the year with a fund balance of \$678,251, up from \$677,155 at December 31, 2005.

General Fund Budgetary Highlights

Over the course of the year, the Township revised the annual operating budget to comply with Michigan Department of Treasury guidelines. The budget amendment was made to reflect changes in expenditures as they occurred during the year, primarily in the areas of personnel and road improvements.

Capital Asset and Debt Administration

Capital Assets

At December 31, 2006, the Township had a \$90,755 investment in a broad range of capital assets, including land, buildings and improvements, furniture and equipment and vehicles. (More detailed information about capital assets can be found in the notes to basic financial statements.)

Capital asset additions totaled \$0 for the fiscal year with accumulated depreciation increasing \$3,720. The net book value of capital assets at December 31, 2006 is detailed as follows:

	<u>Governmental Activities</u>
Land	\$ 10,000
Buildings and improvements	15,092
Office furnishings and equipment	8,765
Vehicles	<u>17,941</u>
Total Capital Assets	<u><u>\$ 51,798</u></u>

EUREKA CHARTER TOWNSHIP
Management's Discussion and Analysis
December 31, 2006

Long-Term Debt

The Township has no outstanding long-term debt.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2007 anticipates a reduction in year end fund balance of \$26,105. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenues, increased road and township hall improvement expenditures and a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.

Contacting the Township's Financial Management

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Ruwersma, Township Clerk, Eureka Township, 9322 Southwest Greenville Road, Greenville, MI, 48838.

BASIC FINANCIAL STATEMENTS

EUREKA CHARTER TOWNSHIP
Statement of Net Assets
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash equivalents, deposits and investments (Note B)	\$ 623,099
Receivables:	
Taxes (Note C)	296,923
Accounts	1,500
Due from other governmental units	<u>73,707</u>
Total Current Assets	<u>995,229</u>
Noncurrent Assets	
Capital assets (Note D)	90,755
Less accumulated depreciation	<u>(38,957)</u>
Total Noncurrent Assets	<u>51,798</u>
Total Assets	<u>1,047,027</u>
Liabilities	
Current Liabilities	
Accounts payable	20,055
Deferred revenue	<u>296,923</u>
Total Liabilities	316,978
Net Assets	
Invested in capital assets, net of related debt	51,798
Restricted for inspection services	22,808
Unrestricted	<u>655,443</u>
Total Net Assets	<u><u>\$ 730,049</u></u>

See accompanying notes to basic financial statements.

EUREKA CHARTER TOWNSHIP
Statement of Activities
For the year ended December 31, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants	
Governmental activities:				
General government	\$ 171,138	\$ 5,768	\$ -	\$ (165,370)
Public safety	268,182	88,623	-	(179,559)
Public works	156,979	-	-	(156,979)
Other township	22,268	-	-	(22,268)
Total Governmental Activities	\$ 618,567	\$ 94,391	\$ -	(524,176)
General revenues:				
Property taxes levied for:				
General operations				284,454
State revenue sharing				229,119
Interest earnings				5,472
Other				2,507
Total General Revenues				521,552
Change in Net Assets				(2,624)
Net Assets - Beginning of Year, as adjusted (Note F)				732,673
Net Assets - End of Year				\$ 730,049

See accompanying notes to basic financial statements.

EUREKA CHARTER TOWNSHIP
Balance Sheet
Governmental Funds
December 31, 2006

	<u>General</u>
Assets	
Cash equivalents, deposits and investments (Note B)	\$ 623,099
Receivables:	
Taxes (Note C)	296,923
Accounts	1,500
Due from other governmental units	<u>73,707</u>
Total Assets	<u><u>\$ 995,229</u></u>
 Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 20,055
Deferred revenue	<u>296,923</u>
Total Liabilities	<u>316,978</u>
Fund Balances:	
Reserved for inspection services	22,808
Unreserved:	
Undesignated, reported in:	
General fund	<u>655,443</u>
Total Fund Balances	<u>678,251</u>
Total Liabilities and Fund Balances	<u><u>\$ 995,229</u></u>

See accompanying notes to basic financial statements.

EUREKA CHARTER TOWNSHIP
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2006

Total governmental fund balances	\$ 678,251
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$90,755 and accumulated depreciation is \$38,957	<u>51,798</u>
Total net assets - governmental activities	<u><u>\$ 730,049</u></u>

See accompanying notes to basic financial statements.

EUREKA CHARTER TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2006

	<u>General</u>
Revenues	
Taxes	\$ 284,454
Licenses and permits	88,623
State sources	229,119
Charges for services	5,768
Interest and rentals	5,472
Other revenue	<u>2,507</u>
Total Revenues	<u>615,943</u>
Expenditures	
Current:	
General government	169,249
Public safety	266,351
Public works	156,979
Other township	<u>22,268</u>
Total Expenditures	<u>614,847</u>
Net Change in Fund Balances	1,096
Fund Balances, January 1, as adjusted (Note F)	<u>677,155</u>
Fund Balances, December 31	<u><u>\$ 678,251</u></u>

See accompanying notes to basic financial statements.

EUREKA CHARTER TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2006

Net change in fund balances - total governmental funds	\$ 1,096
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of these assets is capitalized
and the cost is allocated over their estimated useful lives as deprecia-
tion expense. This is the amount by which exceeded depreciation
capital outlays in the current period:

Capital outlays	\$ -	
Depreciation expense	(3,720)	(3,720)
	<hr/>	<hr/>
Total changes in net assets - governmental activities	\$	(2,624)

See accompanying notes to basic financial statements.

EUREKA CHARTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended December 31, 2006

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 279,132	\$ 279,132	\$ 284,454	\$ 5,322
Licenses and permits	101,000	101,000	88,623	(12,377)
State sources	255,000	255,000	229,119	(25,881)
Charges for services	5,400	5,400	5,768	368
Interest and rentals	1,500	1,500	5,472	3,972
Other revenue	1,500	1,500	2,507	1,007
Total Revenues	643,532	643,532	615,943	(27,589)
Expenditures				
Current:				
General government:				
Township board	47,100	63,100	51,787	11,313
Supervisor	10,500	10,500	10,321	179
Clerk	20,000	18,900	18,796	104
Board of review	1,000	1,000	890	110
General administration	16,000	16,000	15,626	374
Treasurer	21,000	22,700	23,434	(734)
Assessor	28,750	28,750	27,863	887
Elections	4,000	4,000	3,671	329
Building and grounds	173,000	173,300	15,991	157,309
Cemetery	1,000	1,000	870	130
Total general government	322,350	339,250	169,249	170,001
Public safety:				
Law enforcement	97,500	97,500	98,339	(839)
Fire department	71,000	74,100	70,090	4,010
Inspections	111,100	109,805	97,922	11,883
Total public safety	279,600	281,405	266,351	15,054
Public works:				
Highways, streets and bridges	143,000	152,556	151,942	614
Street lighting	6,000	6,000	5,037	963
Total public works	149,000	158,556	156,979	1,577
Other township	17,500	23,500	22,268	1,232
Total Expenditures	768,450	802,711	614,847	187,864
Net Change in Fund Balances	(124,918)	(159,179)	1,096	160,275
Fund Balances, January 1	898,624	898,624	677,155	(221,469)
Fund Balances, December 31	\$ 773,706	\$ 739,445	\$ 678,251	\$ (61,194)

See accompanying notes to basic financial statements.

EUREKA CHARTER TOWNSHIP
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2006

	<u>Tax Account Agency Fund</u>
Assets	
Cash equivalents, deposits and investments (Note B)	<u>\$ 472,135</u>
Liabilities	
Due to other governmental units	<u>\$ 472,135</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

EUREKA CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2006

Note A – Summary of Significant Accounting Policies

Eureka Charter Township was organized as a general law township under applicable laws of the State of Michigan and was incorporated as a charter township under provisions of Act 359, Public Acts of 1947, as amended by the Public Acts of 1976. The Township is governed by a Township Board consisting of a Supervisor, Clerk, Treasurer, and four Trustees, each of whom is elected for a four-year term of office. The Township provides the following services to its residents as provided by statute: public safety (fire and inspections), highways and streets, cultural, planning and zoning, general administrative and other services.

The financial statements of Eureka Charter Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Township’s accounting policies are described below.

1. The Reporting Entity

The accompanying financial statements present the Township of Eureka. The Township has no component units, i.e., entities for which the Township is considered to be financially accountable.

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

EUREKA CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2006

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

Additionally, the Township reports the following non-major fund types:

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with current period are all considered to susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

EUREKA CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2006

4. Budgets and Budgetary Accounting

The budget presented in the financial statements was prepared on the same basis as the accounting basis used to reflect actual results. The General Fund is subject to legal budgetary accounting controls and is budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budget is generated with input from the Clerk, the Treasurer, the Supervisor and the Township Trustees.
- The completed budget is then presented to Township electors at a public hearing in December, at which time taxpayer comments and recommendations are heard. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
- Prior to January 1, the budget is legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General Fund budget was amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budget as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental (activity) level for the General Fund.

5. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

6. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

EUREKA CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2006

Land improvements, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	20-40 years
Office furnishings and equipment	5-15 years
Vehicles	5-10 years

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

11. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

EUREKA CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2006

Note B – Cash Equivalents and Deposits

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a Township in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a Township in Michigan.

Balances at December 31, 2006 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Cash equivalents and deposits per the Statement of Net Assets:

General Fund	\$ 623,099
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Cash equivalents and deposits of Fiduciary Funds:

Tax Account Agency Fund	<u>472,135</u>
	<u>\$ 1,095,234</u>

Cash Equivalents and Deposits

Cash equivalents consist of bank public funds checking accounts. Deposits consist of certificates of deposit.

EUREKA CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2006

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Chemical Bank
2. Huntington National Bank
3. Fifth Third Bank
4. National City Bank

December 31, 2006 balances are detailed as follows:

Cash equivalents	\$ 912,491
Deposits	<u>182,743</u>
	<u><u>\$ 1,095,234</u></u>

Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned to the Township. Protection of Township cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the Township's cash equivalents and deposits was \$1,095,234 and the bank balance was \$1,043,690, which \$382,743 was covered by federal depository insurance and \$712,491 was uninsured.

Custodial Credit Risk and Interest Rate Risk

It is the policy of Eureka Charter Township to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to state and local statutes governing the investment of public funds.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Funds of Eureka Charter Township will be invested in accordance with state and local statutes, and in accordance with the following objectives in order of priority:

Safety: Safety of principal is the foremost objective of the investment program. Investments of Eureka Charter Township shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Diversification: The investments of Eureka Charter Township will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: Eureka Charter Township's investment portfolio will remain sufficiently liquid to enable the Township to meet all operating requirements which might be reasonably anticipated.

EUREKA CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2006

Return on Investments: The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

Safekeeping and Custody: All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by Eureka Charter Township shall be conducted on a cash basis or a delivery-versus-payment basis. Securities will be held by a third party custodian designated by the Township Treasurer and evidenced by safekeeping receipts and determined by the Treasurer.

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

Note C – General Property Taxes

Property taxes for the Township and County become due and payable on December 1 of each year. School district taxes are payable July 1 and December 1 of each year, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Property tax revenues are recognized by the Township in the calendar year for which taxes have been levied. For the 2006 calendar year, the 2005 Township property tax levies are recognized in the amounts collected. As the 2006 property tax roll was levied for 2007 operations, Township taxes that become due December 1, 2006 have not been included as revenue for the year ended December 31, 2006. Instead, the uncollected portion of the 2006 Township tax roll at December 31, 2006 is reported in the General Funds as taxes receivable, with total 2006 Township levies reported as deferred revenue.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Montcalm County, Flat River Library, Ionia County Intermediate School District, Montcalm Intermediate School District, Montcalm Community College, Belding Area Schools and Greenville Public Schools. The collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

Township property tax revenues are recognized in the General Fund in the fiscal year levied, to the extent they are measurable and available.

The Township is permitted by statute (Act 359, Public Acts of 1947, as amended by Public Acts of 1976) to levy up to 1.1 mills of general property taxes on the taxable valuation in the Township. Due to the effect of the Headlee Amendment, actual tax levies were reduced to .8091 for the fiscal year ended December 31, 2006. The Township also levied .9415 mills for police protection and .4871 mills for roads, as previously approved by Township electors and reduced by the effect of the Headlee Amendment.

EUREKA CHARTER TOWNSHIP
Notes to Basic Financial Statements
December 31, 2006

Note D – Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balances January 1, 2006	Additions	Deductions	Balances December 31, 2006
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 10,000	\$ —	\$ —	\$ 10,000
Capital assets being depreciated:				
Buildings and improvements	39,562	—	—	39,562
Office furnishings and equipment	10,534	—	—	10,534
Vehicles	30,659	—	—	30,659
	<u>90,755</u>	<u>\$ —</u>	<u>\$ —</u>	<u>90,755</u>
Less accumulated depreciation for:				
Buildings and improvements	23,432	\$ 1,038	\$ —	24,470
Office furnishings and equipment	918	851	—	1,769
Vehicles	10,887	1,831	—	12,718
	<u>35,237</u>	<u>\$ 3,720</u>	<u>\$ —</u>	<u>38,957</u>
Total accumulated depreciation				
	<u>35,237</u>	<u>\$ 3,720</u>	<u>\$ —</u>	<u>38,957</u>
Net Capital Assets -				
Governmental Activities	<u>\$ 55,518</u>			<u>\$ 51,798</u>

Depreciation expense was charged to Township governmental activities as follows:

General government	\$ 1,889
Public safety	<u>1,831</u>
	<u>\$ 3,720</u>

Note E – Building Inspection

The Township does not maintain a separate fund for building inspection services. Expenditures for these services are classified to a separate function throughout the year. For the year ended December 31, 2006, the building permit and inspection function of the Township produced revenues totaling \$88,523 and incurred expenditures totaling \$97,922. Accordingly, a reservation of fund balance in the amount of \$9,399 has been subtracted from the previous years' reserved fund balance of \$32,207 resulting in a reserved fund balance of \$22,808 at December 31, 2006 which can be used for future inspection activity.

Note F – Net Assets/Fund Balance

Net Assets and General Fund Balance were adjusted as of January 1, 2006 to correct previously reported property taxes accrued prematurely, and to record State revenue sharing not accrued as required by the Michigan Department of Treasury. The combined effect of the adjustments was to reduce beginning net assets and beginning fund balance by \$221,469 from previously reported amounts.

SUPPLEMENTAL INFORMATION

AGENCY FUND

Tax Account Agency—to account for the collection of current taxes, collection fees, dog licenses, and payment to the governmental units entitled to receive these funds.

EUREKA CHARTER TOWNSHIP
Tax Account Agency Fund
Combining Schedule of Changes in Assets and Liabilities
For the year ended December 31, 2006

Tax Account Fund	<u>Balances</u> <u>January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>December 31, 2006</u>
Assets				
Cash equivalents, deposits and investments	<u>\$ 369,439</u>	<u>\$3,270,032</u>	<u>\$3,167,336</u>	<u>\$ 472,135</u>
Liabilities				
Accounts payable	\$ -	\$ 8,653	\$ 8,653	\$ -
Due to other funds	-	263,718	263,718	-
Due to other governmental units	<u>369,439</u>	<u>2,997,661</u>	<u>2,894,965</u>	<u>472,135</u>
Total Liabilities	<u>\$ 369,439</u>	<u>\$3,270,032</u>	<u>\$3,167,336</u>	<u>\$ 472,135</u>

OTHER INFORMATION

EUREKA CHARTER TOWNSHIP
Summary of 2005 Taxes Levied and Collected
For the year ended December 31, 2006

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<u>Ad Valorem Taxes</u>					
Montcalm County					
Operating	\$112,714,153	5.5891	\$ 630,859	\$ 56,044	\$ 574,815
Flat River Library	112,714,153	1.0000	112,876	11,710	101,166
State Education Tax					
Belding Area Schools	570,684	6.0000	3,424	496	2,928
Greenville Public Schools	112,143,469	6.0000	673,874	31,331	642,543
			<u>677,298</u>	<u>31,827</u>	<u>645,471</u>
School Districts					
Ionia CountyIntermediate School District	570,684	4.4963	2,566	676	1,890
Montcalm Intermediate School District	112,143,469	2.3625	265,330	27,312	238,018
Montcalm Community College	112,143,469	2.7292	306,516	31,551	274,965
Belding Area Schools:					
Other	570,684	7.0000	3,995	1,052	2,943
Operating	50,336	17.4534	878	542	336
Greenville Public Schools:					
Other	112,143,469	7.0000	786,186	80,926	705,260
Operating	31,846,349	17.5216	560,969	99,578	461,391
			<u>1,926,440</u>	<u>241,637</u>	<u>1,682,913</u>
Total School Districts					
Eureka Township	112,714,153				
Operating		0.8091	91,331	9,475	81,856
Police		0.9415	106,276	11,026	95,250
Roads		0.4871	54,984	5,704	49,280
Special levies			6,926	106	6,820
Administration fees			36,049	3,429	32,620
			<u>295,566</u>	<u>29,740</u>	<u>265,826</u>
Total Township					
			<u>\$3,643,039</u>	<u>\$370,958</u>	<u>\$3,270,191</u>
Total Ad Valorem Taxes					

Hungerford, Aldrin,
Nichols & Carter, P.C.

CPAs AND CONSULTANTS

July 20, 2007

The Township Board
Eureka Charter Township
Montcalm County, Michigan

The following comments pertain to our audit of the financial records of Eureka Charter Township as of and for the year ended December 31, 2006. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this Statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Eureka Charter Township.

Auditors Responsibility Under Generally Accepted Auditing Standards

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

Significant Accounting Policies

The elected officials and management of Eureka Charter Township have the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter will advise the Township elected officials and management about the appropriateness of accounting policies and their application. The significant accounting policies used by Eureka Charter Township are described in Note A of the Notes to Basic Financial Statements in the Comprehensive Annual Financial Report.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing our audit of the financial records of Eureka Charter Township. We did, however, find several areas in which the internal control structure and accounting system of the Township was not adequate nor operating in the manner intended that we have addressed below in this letter, and also in a separate letter issued to the Township under the new requirements of Statement of Auditing Standards No. 112 "*Communicating Internal Control Related Matters Identified in an Audit*".

Significant Audit Adjustments

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements.

General Fund

1. \$284,661 to correct the General Fund balance at December 31, 2005 due to the improper accrual of property taxes into 2005 revenues and the omission of the February 2006 State revenue sharing payment as an accrual into 2005 revenues as required by Michigan Department of Treasury regulations.
2. \$435,174 to adjust the various General Fund balance sheet accounts to agree with the December 31, 2005 audit report.
3. \$20,055 and 11,215 to accrue and reverse current and prior year-end accounts payable.

4. \$73,707 to accrue the December, 2006 and February, 2007 State revenue sharing payments as 2006 revenues as required by Michigan Department of Treasury regulations.
5. \$76,604 to classify Township officials and employees salaries out of the FICA expenditure account and into the proper accounts.
6. \$9,399 to adjust the fund balance reserved for inspection services to the calculated amount at December 31, 2006.
7. \$296,923 to record taxes receivable and deferred revenue for the 2006 property roll at December 31, 2006 as required by Michigan Department of Treasury regulations.

Passed Audit Adjustments

There were no adjustments proposed during the audit that were not recorded by Eureka Charter Township.

Suggestions and Recommendations

We offered suggestions and recommendations of a minor nature regarding the day-to-day operations of the accounting system to the Township Clerk and Treasurer as the topics arose during the course of our audit field work. Hopefully, these suggestions will ease the day-to-day operations of the Township's business office and assist in more efficient monthly and year end financial record keeping and reporting. Other suggestions and recommendations that merit discussion in this letter are as follows:

- The General Fund budget should be approved on a departmental basis, not a line item basis, and be presented as an exhibit to the annual General Appropriations Act, so it is clear at what level of authority the budget is being adopted.
- All Township official and employee salary accounts should be charged directly to a salary expenditure account within each budget activity center, not to the FICA account, as was the case in 2006.
- The Transactions of the Tax Account Agency Fund should be removed from the activity of the General Fund, and set up as a company of it's own on the Quickbooks accounting system. Dual signature checks should be utilized for Tax Account disbursements.
- A documented system for monitoring the financial transactions of the Township Inspections Department should be implemented as soon as possible. This should include detailed monthly reports from the Department itemizing all inspections, permits granted, fees due and fees collected with the date(s) of collections noted and verified. The collection of all fees should occur at the Township Hall, with personnel other than the Inspections Department collecting and depositing the monies.

- The Township should consider changing it's computer accounting software to a fund accounting system designed for governmental units in the State of Michigan. Quickbooks lacks many of the controls that should be basic to any governmental entity.

* * * * *

This communication is intended solely for the information and use of the Township Board, officers, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Eureka Charter Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of Eureka Charter Township Clerk and Treasurer in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

Hungerford, Alden, Nichols & Carter, P.C.

Certified Public Accountants

Hungerford, Aldrin,
Nichols & Carter, P.C.

CPAs AND CONSULTANTS

July 20, 2007

The Township Board
Eureka Charter Township
Montcalm County, Michigan

The following comments pertain to our audit of the financial records of Eureka Charter Township as of and for the year ended December 31, 2006. The comments are made in accordance with Statement on Auditing Standards No. 112 "*Communicating Internal Control Related Matters Identified in an Audit*" which has the following two unconditional requirements:

- The auditor must evaluate identified *control deficiencies* and determine whether those deficiencies, individually or in combination, are *significant deficiencies* or *material weaknesses*.
- The auditor *must communicate, in writing, significant deficiencies and material weaknesses* to management and those charged with governance. This communication includes significant deficiencies and material weaknesses identified and communicated to management and those charged with governance in prior audits but not yet remediated.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is *more than a remote likelihood* that a misstatement of the entity's financial statements that is *more than inconsequential* will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in *more than a remote likelihood* that a *material misstatement of the financial statements* will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

The following describe circumstances that may be control deficiencies, significant deficiencies, or material weaknesses:

- Inadequate *design* of internal control over a significant account or process.
- Inadequate *documentation* of the components of internal control.
- Insufficient *control consciousness* within the organization, for example, the tone at the top and the control environment.
- Inadequate or absent *segregation of duties* within a significant account or process.
- Inadequate design of *information technology* (IT) general and application controls.
- Inadequate design of *monitoring* controls used to assess the design and operating effectiveness of internal controls.
- The absence of an internal process to *report deficiencies* in internal controls to management on a timely basis.
- Employees or management who *lack the qualifications and training* to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP), the person responsible for the accounting and reporting function lacks the skills and knowledge to apply (GAAP) in recording the entity's financial transactions or *preparing its financial statements* (including the notes to basic financial statements).

The management of Eureka Charter Township is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

In planning and performing our audit of the financial statements of Eureka Charter Township as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered Eureka Charter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

- Inadequate design, documentation, control consciousness and monitoring of internal controls in the area of the Township's inspections (building, electrical, mechanical, plumbing) billing, collection, deposit and record keeping system.
- Inadequate documentation of internal accounting and processing controls and procedures within the Township business office.
- Inadequate monitoring of the activities of the Township Tax Account Agency Fund by a person independent of the Treasurer.
- Employees or management who lack the qualifications and training to fulfill their assigned functions; i.e. the lack of knowledge and skills present to apply Generally Accepted Accounting Principles (GAAP) in recording the Township's financial transactions or preparing its financial statements (including the notes to basic financial statements).

This communication is intended solely for the information and use of management, the Township Board, others within the organization, and the Michigan Department of Treasury. It is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Alden, Nichols & Martin, P.C.

Certified Public Accountants